The Road to Money

Father Joy and the Savings Groups of Mankidi

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Abstract

Self-help groups have become a strategy for serving poor, rural areas in India. Banks, NGOs and government agencies in India use these groups to fulfill their own agendas, and in the process insist on paperwork that requires literacy and bookkeeping skills, even in remote villages where most people are illiterate. Despite these burdens, groups manage to make good use of government services and are changing the definition of self-help groups from ‘independent, self-managed societies’ to ‘interdependent makers of markets and society’.

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I mistook the stack of clothbound books for a tower of bibles. They had the weight and heft of holy works, even dictionaries. As it turned out, they were the accounting ledgers of a federation of self-help groups. “What to do?” Father Joy asked. “If we don’t keep the records just so, the groups can’t get bank loans, or the 100 of days of work promised them or the roads, wells, and food rations from the state and local politicians. They have a right to these things.”

He had a point, which he would make again. As we sat in the half-shade, half-sun of tamarind trees, I asked Father Joy about the self-help groups. SHGs as they are called had spread throughout India like wildfire, promoted by NGOs, banks, and the government, and supported by the National Bank of Agriculture and Rural Development (NABARD).

Self-help groups are simple savings clubs where fewer than twenty people gather and save money, and lend savings to group members who may be short on cash. Group funds offer an alternative to high-priced moneylenders. They can prevent the forced mortgage of land or sale of chattel, and can keep families from having to lend out their children as labor when faced with household crises.

In 2008 more than three million groups were linked to banks for additional credit, meaning the bank gave ‘linked’ groups loans beyond their what groups had saved in their self-help funds. Many groups, if properly documented, also received a range of government subsidies that ranged from cheap credit and cash grants to food and guaranteed labor schemes.

“You ask me if these groups will ever be able to keep their financial records themselves and I am telling you” ‘Never’, Father Joy said. “They will never be sustainable. Not in your way. I pay two literate boys to keep their books, each 1,500 rupees per month (about USD $30). What choice do I have? I can wait for the young girls to become literate so they can keep the books; I can tell the women that because they are not literate they will never get bank or government resources; or I can pay the young men to keep the books. What would you do?”
I didn’t know. We had spent the last few days moving from tribal hamlets to caste hamlets in the district of Koraput, Orissa. These areas, called *adivasi* villages, included a mix of indigenous people once living in isolation from the forest, and over the years absorbing the influences of agriculture, Hinduism, Christianity, and the market economy.

We were in Mankidi: population 330, made up of seventy-four households who were either members of Scheduled Tribes or denoted as an Other Backward Castes. If residents were part of a tribe, they had special constitutional rights. They could purchase land in the hills and keep it within the family. They had rights to education, clean water, work and certain jobs. But the distance between rights and reality was long. It was long for members of Other Backward Castes too, who also had rights that they were just beginning to understand.

Three dirt roads cut through the village organizing it into Upper Mankidi, which had only tribal households, and Middle (Miji) and Lower (Thola) Mankidi, both with a mix of tribal and caste households. All families had at least one female member in a self-help group. The five groups in the area were organized by Father Joy and his staff who drew support - financial and technical - from Catholic Relief Services and an NGO called SWAD.

Leading to Mankidi was a ribbon of tarred road. Here and there along the road women broke big chalky rocks into stones, which could be crushed further for use in construction. A twenty kg tin of stones might fetch the stonebreakers twenty rupees from a contractor and they might break enough stones to fill several over the span of seven or eight hours, earning them a little over a dollar for a day’s work. These same women and their husbands also grew paddy, ginger, mustard and other vegetables on their farms, if they had land, but twenty-two of the seventy-nine families in Mankidi had no land. Breaking stones and lugging bricks was their only option.

Cashew and eucalyptus plantations grew down to edge of the road. The groves were a government effort to reforest the area with single, profitable tree crops. With the encouragement of Father Joy who directed the social arm of the local Catholic diocese, villagers had decided to lease plantations of cashew, then harvest, dry, package and sell the nuts. They sold fifty quintals (100 kgs per quintal) at fifty-two rupees each, an increase of seven rupees per quintal over the previous year. Not much, but something. The women in the self-help groups had finessed the better deal by switching middlemen. Clearly, they were proud of this.

Father Joy, several of his staff and I were huddled with members of five self-help groups, started in 2002. Three groups had women-only membership. The other two had just male members. Each group reported their group savings (about 10,000 rupees or $200 USD) as well as their own individual savings.

Spirits rose and chatter was high. A woman with double rings of gold through her nose, and hair pulled back in a gray bun, stepped forward in the din. “I am Sukrisisa,” she said. “We save ten rupees per month - twice that after the harvest.” The translation from the local language was stilted. “We lend to one another from the group fund. But our success is not the loans. It’s the road.” She pointed to a thin gray stripe that unwound over the mountain. “This is the road that brought you here.”
In fact, the women and men had cleared more than 8 kilometers of road. They worked together to cut a strip from their village through the forest to the town, removing rocks, cutting trees, and leveling the ground until the road was passable. It took months to carve and the work was backbreaking.

Earlier, the 20-kilometer journey home from town - carts and shoulders freighted with cans of fuel and sacks of food - was arduous. The villagers had to walk around the mountain and it was difficult to cover the trip to town in a day. Worse, upon reaching the market, or baat, they felt forced to sell their perishable goods at low prices just so they wouldn’t have to haul them all the way home, rotten and worthless.

The new, self-made route trimmed 12 kilometers from travel in each direction. So impressed was the government that officials paid group members to tar the road, fulfilling state requirements to drive funds into the countryside.

The federation of five groups, each with between twelve and sixteen members, went on to win the government concession as a public distribution point. The federation was now a supplier to seven villages for state allotments of rice and kerosene, making a little money and saving a little money as it sold provisions to fellow villagers at a government subsidized prices.

The road was worth the trouble it took to build. “More breaking and lugging stones, more selling of palm, mahua and jackfruit liquor, more cashews and vegetables going to the market,” said Sukrisisa. “But taking less time.”

I made an effort to ask about the loans. Briefly, the women told me that the bank took their savings and gave them group loans, but did not let them withdraw their savings. I was dismayed and wanted to talk about the banking process further.

No matter how much I tried to turn the conversation to their self-finance and their money, the villagers steered the subject back to the road. To them the road was money. It saved them money and made them money.

“This is self-help,” said Father Joy. “And it’s sustainable.” He put his hand on the big stack of ledgers. “You measure sustainability by how these women manage the books and the coins that flow in and out. But to me, it’s worth paying someone to keep these books. Even if they lost every cent in their accounts, and we would never let happen, these people would still have the road.”

The SHGs were like a tax. The savings did not matter so much as the benefits that savings conferred. And to pay the bookkeepers $30 a month to keep an entire village connected to markets and services seemed like a good deal.

Father Joy was clear about the place he occupied inside a movement that had begun to sacrifice its original promise of empowerment to the legibility of finance.

As aid or government workers, or bankers – as literate people - we labor to squeeze development into neat simplifications, miniature utopias that we make and understand. The tidier, the better. These men and women, it seemed, were not concerned with the same formulas as we. They are hauling in big benefits. In their minds, the books balance. Cash out
tallies with goodies in. They are pleased with their road and government validation of their work. Father Joy knows that.

Alyosius Fernandes, founder of MYRADA, and largely responsible for the self-help movement, writes:

> As often happens, the SHG strategy was promoted as the answer to the search for a ‘one-dimensional’ strategy to eradicate poverty. This tended to place undue importance on credit provision, while neglecting the other initiatives required for all-round development.

There are many examples of collective action arising in self-help groups. But perhaps they have become less important than the savings and loans as we struggle to find and the right metrics to track them. How do we mark slippery gains like confidence or big ideas like ‘progress’ when we are bounded by the steep walls of plans that must be specific, measurable, realistic or achievable? I am not sure I have a way to comprehend a road that emerged by splicing together grit, government subsidy and a little politics, especially when the focus was on the formation of savings and loan groups.

And what about savings and loans? If these self-help groups are now part of the government distribution system, and they are, where does that leave the activity of saving and lending? Father Joy has an answer. He set up a cooperative with the same self-help group members. The members of the cooperative save a similar amount as with the federation, ten rupees per month, but the money never travels to the bank, nor is it connected to government services. The records are simpler.

Says Father Joy: “This is their money. It stays with them.”

After hearing many grass-roots possibilities for savings, I asked the women where they preferred to keep their spare cash. They answered variously: “The self-help group, the federation, the cooperative.” It was not clear to me how they distinguished between each of these options. But they claimed to have gotten plenty of loans for all sorts of uses. They had no trouble keeping the alternatives straight in their minds.

They borrowed to buy and sell vegetables, lease land, purchase medicine and syringes, pay doctors fees, buy books and pencils and school uniforms. They borrowed for seeds, and saplings and rice hullers. They even chipped in for a communal power-tiller.

The group members supply a grain bank. If a household produces a 100 kgs of paddy, it might put twenty kgs into the grain bank. If it borrows a basket of rice during the lean season, it returns the basket with another half-basket after the harvest. Every so often when the market prices are high, the grain bank is liquidated, the paddy sold off and distributions made to the villagers. This is a traditional system synced to the ebb and flow of funds in the self-help groups.

“We also save more than that,” says Sukrisisa.

“Really? Where?”
“I am saving to buy land”, she says. Sukrisisa stands on her bare feet, pulling a pretty, if worn, green stretch of cloth into place over her shoulder. Her old, handsome face is animated. “It costs about 7-10,000 rupees ($140-200 USD) to buy land. And I can buy the land in a year.”

“Where are you keeping the money now?” I ask. And of course she will not tell me exactly where. But she does point to the forest and says many people are burying their money there. Another woman agrees. She adds, “But, in the forest is where outsiders might find it. Some outsiders live to steal.”

“And we are making alcohol,” Sukrisisa continues. “And some of us make money on that. Of course,” she laughs, “some of us spend on that.” They take jackfruit, layer it with jaggery in a pot for sixty days, then rid the pot of its waste and drink the contents. Or they tap the palms for todi. Or ferment Mahua. However, they make it, liquor is a part of their lives.

I departed the area having sampled some delicious jackfruit wine, wondering how much savings would be left buried in those hills, bare in the soil or in plastic bags, tucked inside tree trunks, or spent on alcohol. And how much of it would never make it into any group, as in the case of Sukrisisa, where her own dream is far too grand to be shoehorned into a self-help group, with its diminutive savings and loans.

But as she told me before I left: “I would never have had the dream of buying the land if it weren’t for Maa Gramadea (her group). My friends have given me the courage to think like this.”

Indeed.

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